



## **DON'T CALL IT A DREAM CALL IT A PLAN!**

by Vishal Dhawan

September marks the start of the festive season in India, and with it come holidays. In the midst of the busy life that most of us lead, this is also a great time to unwind, break free from the routine and travel. It could be a short weekend getaway, a vacation during the Diwali or Christmas break, or a staycation that is gradually finding favour with a lot of people. Whatever your preferred choice, it's always much better when planned, rather than getting stressed about at the last minute. However, there are clearly financial implications that come with vacations.

### **How do you plan your finances to take care of your vacations?**

Since a vacation is not a onetime activity, you need to plan for it in a recurring manner. As per your choice, you can decide the frequency of the vacation. For instance, you might wish to have one domestic vacation every year and one international travel every two years, along with two weekend breaks. You may not be in a position to get an exact number for your expenses but you can use good estimates to get to the cost of your goal.

For the cost of a domestic vacation, you can consider the approximate accommodation expense of a 3/4/ 5 star hotel as per your choice. You can get an estimate of the same online. Remember to add transportation costs like airfares or train fares, local travel and sightseeing, food and shopping, and last but not the least, travel insurance. For vacations, which are far away you should consider domestic inflation, possibly at 8% pa.

You can also take guidance from various tours and travel packages which are available online to estimate the cost of your goal.

While planning for international vacations there are few additional things that you should consider which are the currency differentials between the country of your residence and the country which is your travel destination and inflation differential between the two countries. For example, if you are planning to travel to the US for a vacation three years from today, you may wish to build in a possible depreciation of the rupee against the US Dollar as well.

Travel insurance is important as most policies cover medical expenses and other expenses like delay of baggage, loss of passport, personal liability, etc.

Some policies also provide emergency cash advance in situations like burglary of luggage, money, etc.

### **Making it happen**

First and foremost, make this goal a part of your financial plan and decide its priority against other goals. If other more important goals are well planned for, then you can start regular investment towards this goal as well. If you find there is a cash flow crunch then you may reduce the frequency of this goal or postpone your goal. Avoid loans to fund vacations.

Systematic Investment Plans (SIPs) for example, are a good way to support savings for your vacation goals. Remember, a goal without a plan is just a wish.

*Vishal Dhawan is a certified financial planner by profession and founder of Plan Ahead Wealth Advisors Pvt. Ltd. He can be reached at [vishal.dhawan@planahead.in](mailto:vishal.dhawan@planahead.in).*

*Vishal's rich experience of close to 20 years in the financial services industry has led him to frequently write columns in various business and general media both domestically and internationally, and he appears on television.*